



U.S. Department
of Transportation

**Federal Aviation
Administration**

Advisory Circular

Subject: GUIDE FOR AIRPORT FINANCIAL REPORTS
FILED BY AIRPORT SPONSORS

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1. INTRODUCTION. Section 111 of the Federal Aviation Authorization Act of 1994, Pub. L. 103-305 (August 23, 1994) (FAA Authorization Act of 1994) amended 49 U.S.C. § 47107 and included provisions requiring two new reports from airport sponsors. First, section 111(b) requires airport sponsors of commercial service airports to file a report of certain funds collected and spent at airports, based on a uniform, simplified format published by the FAA. Second, section 111(a) requires airport sponsors to report to the FAA amounts paid by the airport to any other unit of government and the purpose for which each such payment was made, and all services and property provided to other units of government and the amount of compensation received for provision of each such service and property.

Congress enacted the financial reporting requirements to aid the (i) public in understanding how funds are collected and spent at airports, and (ii) FAA in the monitoring of the use of airport revenues. Title 49 U.S.C. §§ 47107(b) and 47133 (the revenue retention requirements), together, require airports that are the subject of Federal assistance (including but not limited to Airport Improvement Program (AIP) grant funding) to use the revenues generated from a public airport for the capital or operating costs of the airport, the local airport system, or other local facilities owned or operated by the airport owner or operator and directly and substantially related to the air transportation of passengers or property. Certain financial arrangements required by law or agreement are exempted from the requirement.

2. PURPOSE. This advisory circular (AC) provides airport sponsors with guidance for complying with the airport financial reporting requirements. This AC is not intended to impose any obligations. Any use of mandatory terms such as “must” or “shall” is intended to reflect an existing obligation derived from another source.

3. APPLICABILITY. This AC contains information that applies to owners or operators of commercial service airports who have agreed to AIP grant assurances issued on or after January 1, 1995.

4. SOURCES. This AC draws from the following legislation, regulations, policies, procedures, and grant assurances, which are hereby incorporated by reference.

a. 49 U.S.C. § 47107 (a) (15). This provision establishes the requirement for the airport owner or operator to submit any annual or special airport financial and operations report to the Secretary that the Secretary may reasonably request.

b. 49 U.S.C. § 47107 (a) (19). This provision establishes the requirement for owners and/or operators of commercial service airports to submit an annual report listing in detail all amounts paid by the airport to any other unit of government and the purpose for which each such payment was made; and all services and property provided to other units of government and the amount of compensation received for each such service and property.

c. 49 U.S.C. §§ 47107(b) and 47133. These provisions establish the airport revenue use requirement.

d. Federal Register notice on Airport Financial Reports, dated March 18, 1996 (61 FR 11077). This document announces the availability of formats for the preparation and filing of certain financial reports required by Title 49 U.S.C. § 47107(a)(15) and (19) and the associated grant assurances.

e. Federal Register notice on Airport Financial Reports, dated July 29, 1996 (61 FR 39499). This document extended the filing date

for airport financial reports from 60 to 120 days after an airport sponsor's fiscal year end.

f. Federal Register notice on Policy and Procedures Concerning the Use of Airport Revenue (61 FR 7134) dated February 26, 1996. This document provides detailed guidance on the revenue-use requirement.

g. Federal Register supplemental notice on Policy and Procedures Concerning the Use of Airport Revenue (61 FR 66735) dated December 18, 1996. This document provides additional information and clarification to the policy issued on February 26, 1996.

h. Grant Assurance 26. This grant assurance implements the requirements of 49 U.S.C. § 47107(a)(15) and (19) and establishes the airport sponsors obligation to file airport financial reports, required by section 111 of the FAA Authorization Act of 1994.

i. Grant Assurance 25. This grant assurance implements the revenue-use requirements of 49 U.S.C. §§47107(b) and 47133.

j. FAA Order 5190.6A. This Order, titled, "Airport Compliance Requirements," provides policies and procedures for FAA functions related to airport compliance.

5. FINANCIAL REPORTING REQUIREMENTS. Airport owners or operators must submit annually, for each obligated airport, the airport financial reports discussed in section 6 of this AC.

a. Obligated Airports. An airport is an obligated airport if the airport is:

(1) A commercial service airport as defined by Title 49 U.S.C. § 47102 and section 5.b of this AC;

(2) Subject to the revenue use requirements; and

(3) Is owned or operated by an entity that agreed to AIP grant assurances issued on or after January 1, 1995

b. Determining Commercial Service Status. To determine commercial service airports that are required to file airport financial reports

each year, the FAA utilizes enplanement data provided by airports to the Department of Transportation in the previous calendar year. For example, an airport that has at least 2,500 enplanements during the 1997 calendar year will be required to file an airport financial report for its 1998 fiscal year end.

c. Report Due Date. Airport financial reports are due within 120 days after the obligated airport's fiscal year end.

d. Filing Extensions. A sponsor that cannot meet the reporting due date for an obligated airport should request an extension of the filing requirement in writing. Requests for extensions must include an explanation of the reasons why the airport financial reports cannot be completed within the 120 day requirement, and should be sent to the Federal Aviation Administration, Airports Compliance Division (AAS-400), ATTN: Airport Financial Reports, 800 Independence Ave., S.W., Washington, D.C., 20591.

e. Sponsors Operating More Than One Airport. Generally, a separate report must be submitted for each obligated commercial service airport. State and local governments that operate multiple airports may request an exception to this requirement. The request must be submitted in writing to the FAA Airports Compliance Division (AAS-400), ATTN: Airport Financial Reports, 800 Independence Avenue, S.W., Washington, D.C., 20591 and must include an explanation of the reasons for proposed consolidation of multiple airports in one report, a list of the airports that would be affected, and an explanation of why the consolidation would not significantly affect the usefulness of the reported financial data.

6. AIRPORT FINANCIAL REPORTS. Section 111(b) of the FAA Authorization Act of 1994 required the FAA to issue a simplified format for financial reporting for airports to assist the public in understanding how funds are collected and spent at airports. In the March 18, 1998, Federal Register (61 FR 11077), the FAA announced the availability of two report formats and instructions discussed below.

a. FAA Form 5100-125, "Operating and Financial Summary" (Appendix 1). FAA Form 5100-125 provides the format for reporting information relating to an airport's concession-generated and total revenues, operating

expenditures, capital expenditures, debt service payments, revenue surplus, and contributions to restricted funds, accounts, or reserves required by financing and lease and use agreements or covenants, as required by section 111(b) of the FAA Reauthorization Act of 1994.

The form as it appears in Appendix 1 includes editorial changes to improve the clarity of the forms and instructions.

Airport sponsors must provide all requested information on the form. FAA Form 5100-125 is not a standard financial report format recognized by Generally Accepted Accounting Principles (discussed below), and the FAA does not accept General Purpose Financial Statements prepared by an airport owner or operator in lieu of the FAA Form 5100-125.

b. FAA Form 5100-125 Departs from Reporting Formats Recognized by Generally Accepted Accounting Principles (GAAP). The intent of the FAA Form 5100-125 is to provide a simplified financial format to show how funds are collected and spent at airports. Consequently, the form requires airport sponsors to report, together with airport operating and non-operating revenues and expenses, the receipt and expenditure of certain funds typically not considered revenues and expenses for the purposes of determining an airport's profit or loss. The FAA adopted this reporting format to implement the requirements of Section 111 of the FAA Reauthorization Act of 1994, without placing a burden on airports to provide extremely detailed cash flow statements.

While the report format is not fully consistent with GAAP for reporting revenues, expenses, capital contributions and capital expenditures, the descriptions of the accounting data on the Form 5100-125 and the accompanying instructions fully disclose the accounting data required. The data should be included in the financial report even if the data would not be recorded as revenue or expense under GAAP.

c. FAA Form 5100-126, "Financial Governmental Payment Report" (Appendix 3). FAA Form 5100-126 provides the format for reporting amounts paid by the airport to any other unit of government and the purpose for which each such payment was made, as required by section 111(a) of the FAA Authorization Act of 1994. In addition, the form requires the reporting of all services and property provided to other units of

government, and the amount of compensation received for each such service and property, as required by section 111(a) of the FAA Authorization Act of 1994.

d. Airport Financial Report Instructions. Instructions for completing FAA Forms 5100-125 and 5100-126 are included in Appendices 2 and 4 of this AC, respectively. These instructions supersede the instructions included in the FAA's Federal Register notice on Airport Financial Reports, dated March 18, 1996 (61 FR 11077). Since the issuance of the Federal Register, the instructions have been expanded to further clarify the nature of the accounting data being requested, and to better aid the public in understanding how funds are collected and spent at airports. Neither the forms nor the instructions issued with this AC represent a change in accounting data being requested.

e. Electronic Availability of Forms and Instructions. Copies of the report formats and instructions included in this AC may be downloaded from the FAA Office of the Associate Administrator for Airport's web site at: <http://www.faa.gov/arp/arphone.html>. The forms can be located by using the web site's "Browse by Topic" search engine and selecting "Airport Financial Reports." The Airport Financial Report web site includes forms in Excel format which can be electronically filed with the FAA (see section 7.a of this AC).

7. REPORT SUBMISSIONS. Sponsors must send one copy of each report to the FAA office that administers the sponsor's grants and one copy to the Airports Compliance Division (AAS-400), ATTN: Airport Financial Reports, 800 Independence Ave., S.W., Washington, D.C., 20591.

a. Electronic Submissions. Sponsors may submit the Excel format of the forms discussed in section 6.e of this AC electronically to FAA Headquarters. However, as airport sponsors may not have electronic signature capability, and the forms are required to be signed, an airport sponsor that elects to submit the forms electronically to FAA Headquarters must also submit a copy of the signed reports to the FAA office which administers its grants. Electronic submissions to FAA Headquarters should be made via electronic mail to 9-AWA-ARP-AAS310-Financial-Reports@faa.gov.

b. Signature Level of Certifying Official.

The sponsor must certify for both FAA Forms 5100-125 and 5100-126 that the information on the forms is true and accurate. This certification must be signed by:

(1) The principal financial officer of the airport authority, if the airport is an independent authority;

(2) The principal financial officer of the local governmental agency or department which operates the airport, if the airport is operated as an agency or department of the local government; or

(3) The principal financial officer of the state executive department that operates the airport, if the airport is operated by a state government.

The FAA will not accept forms which have not been properly signed.

c. Submission of Unaudited Financial Data. While there is no requirement that audited information is presented on the FAA Form 5100-125 and 5100-126, airport sponsors may prefer to present audited financial data. Likewise, the FAA would prefer airport sponsors submit audited financial data, to the extent that the completion of an airport's annual audit does not cause substantial delays in the filing of the forms. In the event an audit of an obligated airport's

financial records will not be completed in sufficient time to meet the report due date specified in section 5.c of this AC, the airport sponsor may request an extension in accordance with section 5.d.

Should the FAA be unable to grant the necessary time needed to complete the audit, the airport sponsor should submit unaudited data to the FAA and indicate at the top of the Form 5100-125 that the information is unaudited. The airport sponsor may then submit amended airport financial reports to the FAA as a result of any audit adjustments as the information becomes available.

8. MONITORING AND COMPLIANCE. The FAA will monitor airport sponsor submissions of annual airport financial reports and review the reports upon their receipt. The FAA will verify that a sponsor's airport financial reports are current during the processing of any discretionary grants and will suspend processing for any sponsor whose most recent financial reports are overdue. If a sponsor fails to submit airport financial reports by the filing due date, the FAA will issue a letter notifying the sponsor that the report is overdue. If the sponsor fails to submit the report after receiving notification from the FAA that its report is overdue, the FAA will take action under 14 CFR Part 16 to withhold future entitlement and discretionary AIP grant awards and suspend grant payments on existing grants.



DAVID L. BENNETT
Director, Office of Airport Safety and Standards

Appendix 1. Operating and Financial Summary, Federal Aviation Administration Form No. 5100-125.

Operating and Financial Summary	
Sponsor: _____ Name of Airport: _____ Fiscal Year Ended: _____	
Operating Revenue Aeronautical Operating Revenue 1. Landing Fees 2. Terminal/International arrival area rental or other charge 3. Apron charges/tiedowns 4. Fuel flowage fees 5. Utilities 6. FBO revenue: contract or sponsor-operated 7. Cargo and hangar rentals 8. Security Reimbursement 9. Misc. (Should not exceed 5% of total aeronautical) 10. Other (Enter total here and add attachment)	Operating Expenses 1. Personnel Compensation and Benefits 2. Communications and Utilities 3. Supplies, Materials, Repairs, Maintenance 4. Services (1) 5. Insurance and Claims 6. Government in lieu, permit, impact fees, etc. 7. Misc. (Should not exceed 5% of total op expenses) 8. Other (Enter total here and add attachment)
Total Aeronautical Operating Revenue	Total Operating Expenses
Non-Aeronautical Operating Revenue 1. Rent/land rental 2. Concessions 3. Parking 4. Rental Cars 5. In-flight Catering 6. Interest Income 7. Royalties from natural resource sales 8. Misc. (Should not exceed 5% of total nonaeronautical) 9. Other (Enter total here and add attachment)	Non-Operating Expense and Other Fund Use 1. Debt Service Payments Net of Capitalized Interest 2. Transfers to Reserves a. _____ b. _____ Total Transfers to Reserves 3. Capital Expenditures a. _____ b. _____ Total Capital Expenditures 4. Other Non-Operating Expenses and Fund Uses a. _____ b. _____ Total Other Non-Operating Expenses and Fund Uses
Total Non-Aeronautical Operating Revenue	
Total Operating Revenue	
Non-Operating Revenue and Other Receipts 1. Bond Proceeds 2. Proceeds from sale of property not subject to Federal obligations 3. Proceeds from sale of property subject to SPA/grant obligations 4. Grant payments 5. Passenger Facility Charges 6. Other (Enter total here and add attachment)	Total Non-Op Exps and Other Fund Uses Total Expenses and Fund Uses REVENUE SURPLUS (LOSS)
Total Revenue and Other Receipts	
Guidance used for accounting (check one or more) GAAP: _____ OMB Circular A-87 _____ (1) Services includes fees for other governmental Cash basis _____ Accrual _____ Other _____ services not included in other categories	
I certify that the information on this form is true and accurate to the best of my knowledge and belief. Authorized Representative _____ Date _____ Title _____	

**Appendix 2. Instructions for Completing the Operating and Financial Summary,
Federal Aviation Administration Form No. 5100-125.**

Heading

Sponsor: Insert the name of the airport sponsor.

Name of Airport: Insert the name of the airport and LOC ID, in parenthesis, for which the form is being submitted.

Fiscal Year End: Insert the ending date of the fiscal year for which the information is provided.

Section I – Operating Revenue

Operating Revenue: This section of the FAA Form 5100-125 requires the reporting of an airport's operating revenues derived from the aeronautical and non-aeronautical use of the airport. Operating revenues are generated by the facilities or services provided by the airport in the course of running the airport, including but not limited to the operational areas, terminals, leased areas, and grounds. The sources of these operating revenues have been separated into two subsections on the FAA Form 5100-125; "Aeronautical Operating Revenue" and "Non-Aeronautical Operating Revenue."

A. "Aeronautical Operating Revenue" – This subsection of operating revenue includes all revenue derived from the aeronautical use of the airport. Aeronautical use is defined as any activity that involves, makes possible, is required for the safety of, or is otherwise directly related to the operation of aircraft. Aeronautical use includes services provided by air carriers related directly and substantially to the movement of passengers, baggage, mail and cargo on the airport. Persons, whether individuals or businesses, engaged in aeronautical uses involving the operation of aircraft, or providing flight support directly related to the operation of aircraft, are considered to be aeronautical users. Enter the annual total receipts for each applicable category of aeronautical operating revenue listed below:

- (1) "Landing fees" – Revenues derived from fees charged to aircraft owners and operators for the use of landing areas and other airfield facilities should be reported in this category. These revenues may include but are not limited to fees charged to aircraft owners and operators for the use of runways, taxiways, landing strips, runway protection zones, and clearways. Revenues derived from the use of ramps and aprons normally used to park aircraft, however, should be reported in the "Apron and tiedown" category (line 3) of this subsection.
- (2) "Terminal/international arrival area charges" – Revenues derived from aeronautical use of terminal facilities and ground space for the purpose of moving passengers and their baggage should be included in this category. These revenues may include but are not limited to fees charged to aeronautical users for the use of terminal buildings as office space, check-in and ticket counters, holdrooms, passenger baggage claim and staging areas, and other operational and maintenance facilities necessary for the air transportation of passengers. Revenues received for the use of airport property for cargo operations (not including passenger baggage claim and staging areas) and for the hangaring of aircraft should be reported in the "Cargo and Hangar Rental" category (line 7) of this subsection.
- (3) "Apron charges and tiedowns" – Revenues derived from fees charged for the parking of aircraft on airport property should be reported in this category.

- (4) “Fuel flowage fees” – Airport sponsors may charge a per gallon fee to aeronautical users and/or fuel providers for fuel sold and dispensed on airport property. Revenues derived from fees charged to aircraft owners and operators and fuel providers, such as Fixed Based Operators, for fueling aircraft on airport property should be reported in this category. Any airport revenue generated from the sale of aircraft fuel by the airport owner or operator should not be reported in this category, but should be reported in the “Other” category (line 10) of this subsection.
- (5) “Utilities” – Revenues derived from the resale or reimbursement for utilities provided by the airport, such as electricity and water, should be reported in this category.
- (6) “FBO revenue” – Revenues derived from a Fixed Base Operator’s use of airport facilities and land not reported under other categories should be reported in this category. Fixed Based Operators (FBOs) are typically privately owned businesses that provide flight and aircraft support services to aeronautical users of the airport, such as the sale of aircraft fuel, aircraft maintenance service, and hangar facilities. FBOs may have to lease airport facilities and/or land and/or enter into operating agreements with the airport sponsor in order to provide such services.
- (7) “Cargo and hangar rentals” – Revenues derived from the use of airport facilities and land for the purpose of cargo operations and the hangaring of aircraft should be reported in this category. If a cargo or hangar facility is leased for non-aeronautical purposes, the lease revenues should be recorded in the “Rent/Land Rental” category (line 1) in non-aeronautical operating revenue subsection of this form (below).
- (8) “Security reimbursement” – Airports may provide certain security services at the airport which would otherwise be required of certain aeronautical users. In such cases, aeronautical users requiring security services may reimburse the airport for the cost of the required security services. Reimbursements received by an airport for security services provided on behalf of airlines and other aeronautical users should be reported in this category.
- (9) “Miscellaneous” - Various smaller sources of operating revenue derived from the aeronautical use of the airport may be grouped under this category. However, the revenues reported in this category should not exceed 5 percent of the total aeronautical revenues reported. If all other sources of aeronautical operating revenue exceed 5 percent and therefore cannot be included in this category, the airport owner or operator should limit revenue under this category to a group of other sources that, in the aggregate, do not exceed 5 percent of the total. Revenues in excess of the amount entered in the “Miscellaneous” category should be recorded in the “Other” category (line 10) of this subsection, according to the instructions for the “Other” category.
- (10) “Other” - Enter the total dollar amount of all other operating revenues derived from the aeronautical use of the airport that were not reported on lines 1 through 9 of this subsection. Attach a listing providing a description of each type (with the respective amount) included in the total for this category.

B. “Total Aeronautical Operating Revenue” - Add lines 1 through 10 in the “Aeronautical Operating Revenue” subsection and enter the amount this line.

C. “Non-Aeronautical Operating Revenue” - This subsection of operating revenues includes all revenues that are directly associated with the running and operation of the airport, but are not derived from the aeronautical use of the airport. Enter the annual total receipts for each applicable category of non-aeronautical revenue listed below:

- (1) “Rent/land rental” – Depending on the nature of the airport complex, there could be a variety of other revenue-producing leases for non-aeronautical activity, including but not limited to, manufacturing, warehousing, and farming activities. All non-aeronautical rents received for the use of airport facilities and land should be included in this category, excluding revenues received from terminal area concession, parking, rental car, and in-flight catering facilities. All revenues received from the excluded activities, including rental and lease payments, should be separately reported, as described below.
- (2) “Concessions” – Concession areas are typically located within an airport terminal. Airport concessions include, but are not limited to restaurants, snack bars, coffee shops, gift shops, clothing stores, specialty stores, duty- and tax-free shops, newsstands, banks and currency exchanges, postal facilities, hotel reservation desks, business centers, barber shops, shoe-shine areas, computer games, gambling machines, pay telephones and advertising space. Concessions may also include facilities outside of a terminal but closely related to the terminal building. For example, a hotel or car valet service. Revenues derived from the use of airport facilities by concessionaires should be reported in this category. “Concession” revenues should exclude revenues derived from the use of airport terminal facilities for rental car check-in counters and parking areas. Revenues derived from these excluded activities should be separately reported, as described below.
- (3) “Parking” – Airport owners and operators may provide parking facilities for a fee on airport property. Revenues derived from the sponsor’s operation of on-airport parking facilities and/or from management contracts or other operating agreements for on-airport parking should be reported in this category.
- (4) “Rental Cars” – Rental car facilities often locate their facilities on airport property for the convenience of the traveling public. Revenues received from rental car companies include, but are not limited to fees charged for the use and/or lease of airport facilities, such as parking space rentals, customer service counters and land. In addition, the airport may receive, by agreement, a percentage of gross revenue earned by rental car companies conducting business at the airport. In addition, some rental-car companies not located on the airport may pay an access fee to the airport for the right to pick up and deliver passengers to the airport terminal. All revenues derived from any use of airport facilities and land by rental car agencies should be reported in this category.
- (5) “In-flight Catering” – Food service companies which supply food to airlines for airline passengers, called in-flight kitchens or caterers, often locate facilities on airport property for easy access to aircraft. Revenues derived from the use of airport facilities and/or bare land by such in-flight catering businesses should be reported in this category.
- (6) “Interest Income” – Airports that recognize interest earned on unrestricted cash accounts and non-capital fund balances as operating revenue should report that interest income in this category. Other airports may report all interest earnings in the “Other” category (line 6) of the “Non-Operating Revenue and Other Receipts” section of this form (below).
- (7) “Royalties from Natural Resources” – At certain airports, natural resources may exist on airport property. Natural resources may include natural gas, oil, minerals, etc. Revenues derived from the granting of a right to a business or individual to exploit such natural resources from airport property should be reported in this category.
- (8) “Miscellaneous” - Various smaller sources of operating revenue derived from the non-aeronautical use of the airport may be grouped under this category. However, the revenues reported in this category should not exceed 5 percent of the total non-aeronautical revenues reported. If all other sources of non-aeronautical operating

revenue exceed 5 percent and therefore cannot be included in this category, the airport owner or operator should limit revenue under this category to a group of other sources that, in the aggregate, do not exceed 5 percent of the total. Revenues in excess of the amount entered in the "Miscellaneous" category should be recorded in the "Other" category (line 9) of this subsection, according to the instructions for the "Other" category.

- (9) "Other" - Enter the total dollar amount of all other operating revenues derived from the non-aeronautical use of the airport that were not reported on lines 1 through 8 in the non-aeronautical operating revenue section of the form. Attach a listing providing a description of each type (with the respective amount) included in the total for this category.

D. Total Non-Aeronautical Operating Revenue - Add lines 1 through 9 in the "Non-Aeronautical Operating Revenue" subsection and enter the total on this line.

E. Total Operating Revenue - Add "Total Aeronautical Operating Revenue" and "Total "Non-Aeronautical Operating Revenue" and enter the total on this line.

Section II – Non-Operating Revenue and Other Receipts

- A. "Non-Operating Revenues"** include revenues that are derived from activities that are not directly associated with the running of the airport and would continue even if the airport were closed down. Non-operating revenue includes but is not limited to income from investments and securities made by the airport. As noted above, for airports that do not record any interest income as operating revenue, all interest income should be reported in this category.

"Other Receipts", as used by the FAA, is intended to cover the receipt of funds which would not normally be reported by an airport as income or revenue under Generally Accepted Accounting Principles, but - play an important role in financing airport improvements and expansions. Other receipts include but are not limited to capital funds generated to improve and expand airport facilities.

Enter the annual total receipts for each applicable category of non-operating revenue and other receipts listed below:

- (1) **"Bond Proceeds"** – Sponsors often issue bonds to generate substantial capital funds needed to improve and/or expand airport facilities. Funds derived from bonds issued by an airport sponsor during the fiscal year covered by the report should be reported in this category.
- (2) **"Proceeds from the sale of property not subject to Federal obligation"** - At some airports, land originally purchased by the airport sponsor may no longer be needed for airport purposes. In such cases, the airport sponsor may elect to sell the property, with FAA approval, and use the proceeds from the sale for other airport purposes. Funds derived from the sale of airport property which is not subject to special disposal requirements of grant and/or surplus property conveyance documents should be reported in this category.
- (3) **"Proceeds from the sale of property subject to SPA/grant obligations"** – At some airports, land originally purchased by the airport sponsors with funds provided by the Federal government through grants-in-aid, or land provided by Federal government through surplus property agreements, may no longer be needed for airport purposes. In such cases, the airport sponsor may elect to sell the property with FAA approval. However, the use of land sale proceeds may be subject to special disposal restrictions included in

grant agreement or surplus property conveyance documents not applicable to other airport property. For example, the property may be subject to a requirement that the sponsor reimburse a certain portion of the sale proceeds to the Federal government. Funds derived from the sale of airport property that is subject to these special disposal restrictions should be reported in this category.

- (4) “Grant Payments” – Governmental grants-in-aid can be a major source of funds for an airport to plan and construct capital improvements. Airports may receive grants from the Federal, state and/or local levels of government. All grants-in-aid received by an airport sponsor should be reported on this category. Loans made to the airport by local and state government agencies and sponsor contributions to the airport should be reported in the “Other” category (line 6) of this section.
- (5) “Passenger Facility Charges” – With the approval of the FAA, some commercial service airports may elect to charge passengers using airport facilities a \$1, \$2, or \$3 charge for the use of the facilities. These charges are to be used for airport improvements and other FAA approved projects at the airport. All passenger facility charges received by the airport should be reported on this line.
- (6) “Other” – The airport sponsor should enter the total dollar amount of all other non-operating revenues and other receipts received throughout the fiscal year that were not reported on lines 1 through 5 of this section. Other non-operating revenue to be reported in this category may include, but is not limited to, interest income from airport investments and securities to the extent not reported as operating revenue, tax revenues received (i.e. property and leasehold taxes), sponsor contributions, and revenues received as a result of the airport providing services to other governmental units and/or businesses. Other receipts to be reported in this category may include, but are not limited to, capital funds received from issuance of commercial paper and notes issued during the fiscal year covered by the report (unless issued in contemplation of a future bond issue), revolving loan funds, local and/or state governmental loans, and private funds. The airport sponsor must attach a listing providing a description of each type of non-operating revenue and other receipts (with the respective amount) included in the total for this category.

B. Total Non-Operating Revenue and Other Receipts - Add lines 1 through 6 in the “Non-Operating Revenue and Other Receipts” section and enter the total on this line.

Section III - Total Revenue and Other Receipts

- A. Add “Total Operating Revenue” from Section I and “Total “Total Non-Operating Revenue/Other Receipts” from Section II and enter the total on this line.

Section IV - Operating Expenses

- A. **Operating expenses** of an airport are those expenses incurred in the course of the running of the airport. Enter the annual total operating expense incurred for each applicable category listed below:
 - (1) “Personnel and Compensation Benefits” – The cost of employing people who operate and maintain the airport, including the cost of employee benefits such as health and life insurance and employee pension plans, should be reported on this line. If the airport is operated as an agency or department of a local government, only the personnel expenses for employees assigned to the department or agency which operates the airport and working at or for the airport should be included in this category. Personnel costs for

employees who are assigned to other agencies or departments of the local government that provide services to the airport, such as local fire fighters and police, should be included in the “Services” category (line 4) of this section. Personnel costs for employees providing the services listed in the instructions for the “Services” category may be included in this category if the employees are assigned to the department or agency which operates the airport.

- (2) “Communications and Utilities” – The costs of communication services and utilities used in the course of operating the airport, including but not limited to telephones, electricity and water should be reported in this category.
- (3) “Supplies, Materials, Repairs and Maintenance” – The costs of supplies and materials needed to operate the airport, and the costs associated with the repair and maintenance of airport facilities and equipment should be included in this category.
- (4) “Services” – The costs of services provided by commercial businesses and/or other local government agencies or departments (if the airport is operated by a local government) should be reported in this category. Service costs to be reported on this line may include, but are not limited to, legal, accounting, auditing, security, fire fighting, advertising, engineering, architectural, financial, training, lobbying, maintenance, janitorial, and consulting services.
- (5) “Insurance and Claims” – The costs of liability insurance coverage and/or claims paid by an airport should be reported on this line.
- (6) “Government in lieu, permit, impact fees, etc.” – Airports may be required to make certain payments to other government agencies, including but not limited to payments for lost tax revenues, permit fees for construction of capital projects, financial impacts on the local community resulting from airport expansion and development, and the costs for mitigating certain impacts to the local environment. (Note: There are specific statutory and regulatory requirements which address the allowability of payments to be reported in this category. Inclusion of these items on the FAA Form 5100-125 should not be construed to mean the FAA generally allows all such payments). All payments made by airports to other government agencies for payments in lieu of taxes, permit fees, and impact fees should be reported in this category. All such payments should also be reported on the FAA Form 5100-126.
- (7) “Miscellaneous” - Various smaller operating expenses may be grouped under this category. However, the revenues reported in this category should not exceed 5 percent of the total operating expenses reported. If all other operating expenses exceed 5 percent and therefore cannot be included in this category, the airport owner or operator should limit operating expenses under this category to a group of other expenses that, in the aggregate, do not exceed 5 percent of the total. Operating expenses in excess of the amount entered in the “Miscellaneous” category should be recorded in the “Other” category (line 8) of this section, according to the instructions for the “Other” category.
- (8) “Other” - Enter the total dollar amount of all other operating expenses incurred in the course of the running of the airport that were not reported on lines 1 through 7 of this section. Attach a listing providing a description of each type (with the respective amount) included in the total for this category. Please do not include depreciation expense in this category.

While depreciation expense is a recognized operating expense under Generally Accepted Accounting Principles (GAAP), it should not be reported as an operating expense on the FAA Form 5100-125. The FAA has found major inconsistencies in the reporting of

depreciation among airports filing the FAA Form 5100-125. Consequently, the assure consistent treatment, these instructions specify that if an airport otherwise records and reports depreciation, it should be reported in the “Other Expense” category (line 4) of the “Non-Operating Expense and Other Fund Use” section of the form. The FAA does not intend to require airports that do not otherwise record and report depreciation to do so to complete the FAA Form 5100-125.

- B. Total Operating Expenses** - Add lines 1 through 8 of the “Operating Expense” section and enter the total on this line.

Section V – Non-Operating Expense and Other Fund Use

- A. “Non-Operating Expenses”** include those airport expenses that would continue even if the operation of the airport were to cease. Non-operating expenses include but are not limited to interest paid on bonds and other capital generating notes and debt instruments, the amortization of fixed assets, and other fees paid for non-operating purposes.

“Other Fund Use,” as used by the FAA, is intended to cover the use of funds that would not normally be reported by an airport as an expense under GAAP. Other fund uses include but are not limited to capital expenditures, debt service payments, and transfers to reserve or restricted accounts.

Enter the annual total non-operating expenses and other fund uses for each applicable category of listed below:

- (1) **“Debt Service Payments Net of Capitalized Interest”** – Principal payments on outstanding bonds (not including capitalized interest) made by an airport should be reported on this line. Principal payments on other debt instruments, such as notes and commercial paper executed in contemplation of future bond issues should also be reported in this category. Interest expenses on debts should not be included in this category. Interest expenses incurred from capital financing, including capital interest which that is amortized over the life of the bonds, should be reported in the “Other Expense” section of the FAA Form 5100-125 (see instruction 11 below).
- (2) **“Transfers to Reserves”** – Airports often maintain reserve funds held by the airport for specific purposes, thereby restricting the use of certain airport funds. For example, the terms of airport revenue bonds often include a provision for a debt service reserve fund, and funds transferred to the fund are normally restricted to the payment of debt service when other funds are not sufficient to make the payment. Airport revenues transferred to reserve funds, including but not limited to debt service, maintenance and operating reserves, and emergency capital reserve funds should be reported on this line.

The airport sponsor should provide a brief description of each transfer on the lines provided in this category. If additional lines are needed, the airport sponsor should attach a separate listing or schedule and write “See Attached Listing/Schedule” on line one of this category. The total of all transfers to reserve accounts reported in this category, including the amounts of any attached listings or schedules, should be placed on the “Total Reserve Transfers” line of this category.

- (3) **“Capital Expenditures”** – Payments made during the fiscal year covered by the report for the improvement and/or expansion of airport facilities which are typically capitalized and amortized in accordance with Generally Accepted Accounting Principles and/or airport accounting policies should be reported on this line, even if the facility or improvement does not become operational during the fiscal year. The airport should provide a brief

description of each capital expenditure being reported on the lines provided in this category. If additional lines are needed, the airport sponsor should attach a separate listing or schedule and write "See Attached Listing/Schedule" on line one of this category. The total of all capital expenditures reported in this category, including the amounts of any attached listings or schedules, should be placed on the "Total Capital Expenditures" line of this category.

- (4) **"Other Non-Operating Expenses and Fund Uses"** - Enter the total dollar amount of all other non-operating expenses and fund uses that were not reported on lines 1 through 3 of this section. If the airport depreciates its assets, please report the related depreciation expense in this category. The airport should also provide a brief description of each non-operating expense and fund use being reported on the lines provided in this category. If additional lines are needed, the airport sponsor should attach a separate listing or schedule and write "See Attached Listing/Schedule" on line one of this category. The total of all non-operating expenses and fund uses reported in this category, including the amounts of any attached listings or schedules, should be placed on the "Total Other Non-Op Exps and Fund Uses" line of this category.

- B. Total Non-Op Exps and Other Fund Uses** - Add the total lines of lines 1 through 4 of the "Non-Operating Expense and Other Fund Use" section and enter the total on this line.

Section VI – Total Expenses and Fund Uses

- A.** Add "Total Operating Expenses" from Section IV and "Total Non-Op Exps and Other Fund Uses" from Section V and enter the total on this line.

Section VII - Revenue Surplus (Loss)

- A.** Subtract "Total Expenses and Fund Uses" from Section VI from "Total Revenue and Other Receipts" from Section III and enter the difference on this line.

Section VIII - Accounting Methodology/Guidance

- A.** Check each item that applies to the system of accounting and cost allocation that the sponsor uses. Check "GAAP" if the sponsor uses generally accepted accounting principals, either general principles or special standards applicable to public enterprise funds. Check either "cash" or "accrual" to indicate the method used. If any other system of formal accounting standard is used, check "Other" and include a brief description.

Filing Instructions

- A.** Sign and date the form. The report must be signed by the:
- (1) principal financial officer of the airport authority, if the airport is an independent authority;
 - (2) principal financial officer of the local political jurisdiction that operates the airport if the airport is operated as an agency or department of local government; *or*
 - (3) principal financial officer of the state executive (cabinet-level) department that operates the airport, if the airport is operated by a state government.

- B.** One copy of the report must be submitted to the FAA Airports office that has grant responsibilities for the airport for which the form is provided, and one copy must be submitted to:

Airport Compliance Division, AAS-400
ATTN: AIRPORT FINANCIAL REPORTS
Federal Aviation Administration
800 Independence Ave., SW.
Washington, DC 20591

Alternatively, the electronic forms (EXCEL format) obtained from FAA's Airport Financial Report Home Page at <http://www.faa.gov/arp/arphome.html> may be sent via electronic mail to FAA Headquarters at 9-AWA-ARP-AAS310-Financial-Reports@faa.gov. Airport sponsors electing to file financial reports electronically with FAA Headquarters must still provide a signed hard copy of the forms to the FAA Airports office that administers the airport's grants.

- C.** The report is due 120 days after the end of the sponsor's fiscal year end.

Appendix 3. Financial Government Payment Report, Federal Aviation Administration Form No. 5100-126.

FINANCIAL GOVERNMENTAL PAYMENT REPORT					
Sponsor: _____ Name of Airport: _____ Fiscal Year Ended: _____					
Payments to other government units					
Government Entity: _____					
Payee - Department or Agency 1 2 3 4 5 6 7 8 9 10 11	Purpose Law Enforcement Firefighting Legal Services Engineering Procurement	Amount _____ _____ _____ _____ _____ _____ _____ _____ _____ _____ _____	Payee - Department or Agency _____ _____ _____ _____ _____ _____ _____ _____ _____ _____	Purpose _____ _____ _____ _____ _____ _____ _____ _____ _____ _____	Amount _____ _____ _____ _____ _____ _____ _____ _____ _____ _____
Services and property provided to other government units					
Government Entity: _____					
Recipient - Department or Agency 1 2 3 4 5 6 7 8	Property/Service Provided _____ _____ _____ _____ _____ _____ _____	Compensation Rec'd _____ _____ _____ _____ _____ _____ _____	Recipient - Department or Agency _____ _____ _____ _____ _____ _____ _____	Property/Service Provided _____ _____ _____ _____ _____ _____ _____	Value/Cost _____ _____ _____ _____ _____ _____ _____
Total of cash and investments held in airport accounts at the end of the fiscal year: <div style="border: 1px solid black; width: 100px; height: 20px; float: right;"></div>					
In compliance with § 47107(a)(19) of Title 49 United States Code.					
Please complete this form noting fees and service provided to and received from other governments. Please list each government if more than one.					
I certify that the information on this form is true and accurate to the best of my knowledge and belief.					
Authorized Representative _____					Date _____
Title _____					

FAA Form 5100-126 (22)**AGENCY DISPLAY OF ESTIMATED BURDEN.**

The FAA estimates that the average burden for this report form is 3 hours per response. You may submit any comments concerning the accuracy of this burden estimate or any suggestions for reducing the burden to the Office of Management and Budget. You may also send comments to the Federal Aviation Administration, Program Support Branch, APP-11, 800 Independence Avenue, SW, Washington, DC 20531, Attention: OMB Number 2120-0557.

**Appendix 4. Instructions for Completing the Financial Governmental Payment Report,
Federal Aviation Administration Form No. 5100-126.**

Heading

Sponsor: Insert the name of the airport sponsor.

Name of Airport: Insert the name of the airport and LOC ID, in parenthesis, for which the form is being submitted.

Fiscal Year End: Insert the ending date of the fiscal year for which the information is provided.

Section I - Payments to Other Governmental Units

Airports often are required to make payments to local, county, and/or state government agencies or political subdivisions thereof in the course of operating the airport. These payments may include, but are not limited to payments for services provided by the government, fees required in order for construction activities to take place at the airport (i.e. permit and impact fees), payments to employee benefit plans and payroll tax accounts for government employees who are assigned to the airport, reimbursement for supplies and equipment that was provided by the government and necessary for the operation of the airport (i.e. utilities and fire equipment), payments on bonds issued by a government entity on behalf of the airport (i.e. principal and interest payments on general obligation bonds) and certain payments required by statute and/or debt covenants prior to September 2, 1982 (i.e. grandfathered payments).

- A. All payments made to other units of governments, such as a city, county and/or state agency or department, must be reported on this form, regardless of the amount. If the airport did not make payments to other government units during the fiscal year, the airport must write "NONE" in the first box of this section and sign the form.
- B. Each Form 5100-126 contains two boxes for the listing payments to a local, county, and/or state governments, or political subdivisions thereof, and to the Federal government. Use a separate box to report payments to each government entity, such as one box for a city and the second box for a county. Use additional copies of the form for payments to additional government entities, or if all payments to a government entity do not fit into one box. Each box should be filled out as follows:
 - (1) **"Government Entity"** – Insert the name of the government entity (i.e. cities, counties, states, or the Federal government) to which payments were made. Use a separate box for each government entity, such as one box for a city and the second box for a county. Use additional copies of the form for payments to additional government entities.
 - (2) **"Payee"** - Insert the governmental department or agency to which the payment was made (i.e. public works department or department of finance). If the same agency or department received payments for more than one purpose (see 3 below), the agency or department should appear in the "payee" column for each payment purpose.
 - (3) **"Purpose"** - Insert a description of the services received or other reason for the payment. Each payment to a government unit's agency or department must be accompanied by a statement of purpose that is directly associated with the amount of the payment reported (see 4 below).

Payments may be grouped into purpose categories which generally describe the reason or services, supplies and materials provided for each payment reported. The purpose of a payment may include, but is not limited to law enforcement, fire fighting, legal, engineering, procurement, accounting, budgeting, auditing, payroll, administrative, motor pool, data processing, marketing, and inspection services (i.e. food inspections); facilities and grounds maintenance, office space,

donations, training, employee benefits, payroll taxes, supplies, utilities, bond payments, impact fees, permit fees, sales tax collected, fuel tax payments, payments in lieu of taxes, “grandfathered” payments, etc.. Whatever the purpose indicated on the form, it must provide sufficient detail for the FAA to determine why the payments were made to the government unit. For example, “indirectly allocated costs” is not a sufficient description of a purpose for a payment made to a government unit.

(4) **“Amount”** – Insert the amount of the payment associated with payee and purpose being reported.

C. Examples – Below are two examples of how Section I of the FAA Form 5100-126 should be completed.

Example 1 – City A owns and operates ABC International Airport. ABC International Airport uses vehicles from the City A’s motor pool fleet for transportation related to airport operations. City A’s motor pool is run by the city’s Department of Transportation. This fiscal year, the cost of the motor pool service provided by City A to ABC International Airport totaled \$50,000. Based on this information, the ABC International Airport would report the following in Section I of the FAA Form 5100-126, “Payments to Other Governmental Units”:

Payments to other government units		
Government Entity: <u>City A</u>		
Payee - Department or Agency	Purpose	Amount
1 Department of Transportation	Motor Pool Services	\$ 50,000
2		
3		
4		
5		
6		
7		
8		
9		
10		
11		

Example 2 – County B owns and operates CBA Regional Airport. CBA Regional Airport does not have its own accounting or legal staff. Rather, all accounting transactions are processed by the County B Finance Department and all legal issues are handled by the County B Legal Department. County B charges CBA Airport these accounting and legal services through an indirect cost allocation plan. This fiscal year the indirect cost allocation plan resulted in a \$75,000 charge to CBA Regional Airport. Of this amount, \$25,000 was for the accounting services provided and \$50,000 was for legal services provided. Based on this information, the CBA Regional Airport would report the following in Section I of the FAA Form 5100-126, “Payments to Other Governmental Units”:

Payments to other government units		
Government Entity: <u>County B</u>		
Payee - Department or Agency	Purpose	Amount
1 Accounting Department	Accounting Services	\$ 25,000
2 Legal Department	Legal Services	\$ 50,000
3		
4		
5		
6		
7		
8		
9		
10		
11		

Section II - Services and Property Provided to Other Governmental Units

Airports often provide property or services to other units of government for a variety of reasons or purposes. Property provided to local, county, or state governments or political subdivisions thereof, or to the Federal government may include but is not limited to land and other airport facilities, such as land for a golf course. Services provided to other units of government may include, but are not limited to services provide by employees of the airport, such as ground maintenance of local park and recreational facilities and right-of-way located on or near the airport, or electrical power metered through the airport.

- A. All services and property provided to other units of government, such as a city, county and/or state agency or department, must be reported on this form, except for land provided to the FAA for nav aids and other air traffic control equipment, and land or airport facilities which is provided to other government units to be used **exclusively** for operational requirements of the airport. If the sponsor did not provide property or services to other government unit during the fiscal year, the airport must write "NONE" in the first box of this section and sign the form.
- B. Each Form 5100-126 contains two boxes for listing property and services provided to local, county, and state governments, or political subdivisions thereof, and to the Federal government. Use a separate box to report services and property provided to each government entity, such as one box for a city and the second box for the county. Use additional copies of the form for services and property provided to additional government entities, or if all services or property provided to one government entity do not fit into one box. Each box should be filled out as follows:
 - (1) **"Government Entity"** – Insert the name of the government entity (i.e. cities, counties, states, or the Federal government) to which services and/or property were provided. Use a separate box for each government entity, such as one box for a city and the second box for a county. Use additional copies of the form for payments to additional government entities.
 - (2) **"Recipient"** - Insert the governmental department or agency which received the property or service from the airport (i.e. parks and recreation department, public works department). Report each service or property provided to the same agency or department separately, repeating the agency or department name in the "Recipient" column for each service or property provided.
 - (3) **"Value/Cost"** - Insert the value of the property, or the cost of the service provided to the government department or agency. If the value of the property has not been established by appraisal, the airport may estimate the value of the property based on other leaseholds and or property values at the airport. A value of property or cost of service for each property or service provided by the airport to a government department or agency must be included in this column.
 - (4) **"Compensation Received"** – Insert the amount of money the airport received for the services and/or property provided. If the airport did not receive any money for a government department's or agency's use of the property, or for the services provided to the department or agency, it must report zero (0) in this column.
- B. Examples – Below are two examples of how Section II of the FAA Form 5100-126, "Services and property provided to other government units," should be completed.

Example 1 – City A is the owner and operator of the ABC International Airport. The ABC International Airport allows the Parks and Recreation Department of City A to use six acres of airport property for little league baseball fields. City A pays the airport \$1 a year for the use of the of land. A parcel of land adjacent to the baseball fields is leased to an aeronautical user of the airport for \$1,000 per acre, making the estimated value of the land used by the Parks and Recreation Department \$6,000.

Based on this information, the ABC International Airport would report the following in Section II of the FAA Form 5100-126, "Services and Property Provided to Other Governmental Units":

Services and property provided to other government units			
Government Entity: <u>City A</u>			
Reipient - Department or Agency	Property/Service Provided	Value/Cost	Compensation Rec'd
1 Parks and Recreation Department	6 Acres of Land	\$ 6,000	\$ 1
2			
3			
4			
5			
6			
7			
8			

Example 2 – County B owns a county park adjacent to ABC International Airport. ABC International Airport is owned and operated by City A. County B's Department of Parks enters into an agreement with City A to provide ground maintenance at the county park, such as lawn mowing and snow plowing for \$30,000 a month. City A requests that ABC International Airport employees provide the ground maintenance services at the county park because the airport's close proximity to the park requires the park to be maintained to FAA standards for runway protection zones. In exchange for the services, City A deposits the payment of \$30,000 in the ABC International Airport's enterprise fund. During this fiscal year, the cost of airport employees providing ground maintenance at the county park totaled \$26,000. Based on this information, the City A Airport would report the following in Section II of the FAA Form 5100-126, "Services and Property Provided to Other Governmental Units":

Services and property provided to other government units			
Government Entity: <u>County B</u>			
Reipient - Department or Agency	Property/Service Provided	Value/Cost	Compensation Rec'd
1 Department of Parks	Ground Maintenance Services	\$ 26,000	\$ 30,000
2			
3			
4			
5			
6			
7			
8			

Section III - Total in Airport Accounts

Enter the total amount of cash and investments held in airport accounts (both restricted and unrestricted) at the end of the fiscal year. Include as investments any funds on loans to a non-airport local government account. Do not include the value of airport real or personal property in the total.

Filing Instructions

A. Sign and date the form. The report must be signed by the:

- (1) principal financial officer of the airport authority, if the airport is an independent authority;
- (2) principal financial officer of the local political jurisdiction that operates the airport if the airport is operated as an agency or department of local government; *or*

- (3) principal financial officer of the state executive (cabinet-level) department that operates the airport, if the airport is operated by a state government.

- B.** One copy of the report must be submitted to the FAA Airports office that has grant responsibilities for the airport for which the form is provided, and one copy must be submitted to:

Airport Compliance Division, AAS-400
ATTN: AIRPORT FINANCIAL REPORTS
Federal Aviation Administration
800 Independence Ave., SW.
Washington, DC 20591

Alternatively, the electronic forms (EXCEL format) obtained from FAA's Airport Financial Report Home Page at <http://www.faa.gov/arp/arphome.html> may be sent via electronic mail to FAA Headquarters at 9-AWA-ARP-AAS310-Financial-Reports@faa.gov. Airport sponsors electing to file financial reports electronically with FAA Headquarters must still provide a signed hard copy of the forms to the FAA Airports office that administers the airport's grants.

- C.** The report is due 120 days after the end of the sponsor's fiscal year end.